

Combating Trademark Infringement Online: Secondary Liability v. Partnering Facility

Yafit Lev-Aretz*

Although trademark infringement is not a recent phenomenon, it was not until the inception and explosive growth of the Internet marketplace that brand owners had to face new, titanic and virtually inexorable infringement challenges. Trademark infringement online takes place in various forms—from cybersquatting and typosquatting that capitalizes on the goodwill surrounding an existing trademark¹ to the rampant sale of counterfeit goods in online stores and auction houses.² Trademark holders filed 2884 cybersquatting cases in 2012, covering 5084 domain names, with the World Intellectual Property Organization (WIPO)—an increase of 4.5% more than cases filed in the previous year.³ The sale of counterfeit goods online is constantly rising, and the value of those goods is expected to top \$1.7 trillion by 2015.⁴ The lack of a physical sales venue, the anonymizing blanket offered to counterfeiters online, the increased international supply chains and the production of goods in countries with poor intellectual property protection, together with the low-cost communication and worldwide reach of the Internet, have made counterfeiting a thriving undertaking and put trademark owners' businesses and reputations at risk.⁵

* Intellectual Property Fellow at the Kernochan Center for Law, Media and the Arts, Columbia Law School; Candidate for S.J.D., University of Pennsylvania Law School (2014).

1. See 15 U.S.C. § 1125(d) (2012). Cybersquatting refers to the act of registering, trafficking in or using a domain name that contains a trademarked term, with the bad faith intention of selling the domain name to the trademark owner at an excessively expensive price. See Ariane C. Strombom, *Internet Outlaws: Knowingly Placing Ads on Parked Domain Names Invokes Contributory Trademark Liability*, 17 MARQ. INTELL. PROP. L. REV. 319, 322–23 (2013). Typosquatting refers to the registration of a domain name with an intentionally misspelled trademark to generate revenue through recognition of the mark, usually by using the domain as a parked site on which the registrar places advertisements. See *id.* at 323.

2. See, e.g., *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 97–98 (2d Cir. 2010).

3. See WORLD INTELL. PROP. ORG., REPORT OF THE DIRECTOR GENERAL TO THE WIPO ASSEMBLIES 2013, at 7 (2013), available at http://www.wipo.int/export/sites/www/freepublications/en/general/1050/wipo_pub_1050_2013.pdf. Nevertheless, domain name registrations grew by 12% in 2012, so the increase in cybersquatting cases should be considered in the context of that general increase. See David Goldstein, *WIPO Misleads Again on 2012 Cybersquatting Statistics*, DOMAIN PULSE (Mar. 31, 2013), <http://www.domainpulse.com/2013/03/31/wipo-misleads-cybersquatting>.

4. See U.N. INTERREGIONAL CRIME & JUSTICE RESEARCH INST. & THE INT'L CHAMBER OF COMMERCE, CONFISCATION OF THE PROCEEDS OF CRIME: A MODERN TOOL FOR DETERRING COUNTERFEITING AND PIRACY 9 (2013), available at <http://staging.iccwbo.org/Advocacy-Codes-and-Rules/BASCAP/BASCAP-Research/Proceeds-of-crime>.

5. See Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 BERKELEY TECH. L.J. 1363,

As tracking down individual infringers proved to be both inefficient and nearly impossible, brand owners employed secondary liability principles to begin targeting intermediaries facilitating the infringements.⁶ Many cases have zeroed in on which party ought to bear the burden of monitoring for infringements, and at what point the intermediary's mediating nature is no longer neutral but conducive or willfully blind to such infringements.⁷ Legal scholarship has responded with analysis and reform suggestions to the current secondary liability regimes in the United States and around the globe.⁸ Nearly all appear to embrace one essential view: secondary liability rules must defend rights holders' interests in better protecting their brands from trademark infringement online, but the rules must not deter legitimate and productive activities in the Internet marketplace.⁹ The application of this well-accepted view, however, engendered a multiplicity of judicial decisions and academic views, all attempting to solve this equilibrium conundrum. In this Symposium, too, speakers homed in on the various means through which the delicate balance may be struck. In fact, as Dr. Annette Kur pointed out, the word "balance" has become so hackneyed in this context that scholars began referring to it as "the B word."¹⁰

Indeed, much ink was spilled over the quest for a balanced approach to secondary liability that would effectively curb piracy and counterfeiting on the Internet without targeting innocent websites or otherwise obstructing the free

1364 (2006). See also Jillian De Chavez, *Building a Trademark Safe Harbor for Contributory Counterfeiting Liability After Tiffany v. eBay*, 86 ST. JOHN'S L. REV. 249, 252 (2012).

6. See Bartholomew & Tehranian, *supra* note 5, at 1364.

7. See, e.g., *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 163 (4th Cir. 2012) (holding that "[i]t is not enough to have general knowledge that some percentage of the purchasers of a product or service is using it to engage in infringing activities; rather, the defendant must supply its product or service to identified individuals that it knows or has reason to know are engaging in trademark infringement") (internal quotation marks omitted); *Tiffany*, 600 F.3d at 107 (requiring knowledge of specific infringements to establish liability for secondary trademark infringement); *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n*, 494 F.3d 788, 803 (9th Cir. 2007) (dismissing contributory trademark infringement claims against Visa, and holding that the mere ability to deter infringement does not amount to sufficient "control"); *Gucci Am., Inc. v. Frontline Processing Corp.*, 721 F. Supp. 2d 228, 249 (S.D.N.Y. 2010) (deciding plaintiff sufficiently alleged defendant specifically *knew* or *was willfully blind* to infringing activities, and *exercised sufficient control* since payment services were "necessary elements" for transactions of counterfeit goods online). For a list of various decisions from European courts on the issue, see Katja Weckström, *Liability for Trademark Infringement for Internet Service Providers*, 16 MARQ. INTELL. PROP. L. REV. 1, 30 (2012).

8. See, e.g., David H. Bernstein & Michael R. Potenza, *Why the Reasonable Anticipation Standard Is the Reasonable Way to Assess Contributory Trademark Liability in the Online Marketplace*, 2011 STAN. TECH. L. REV. 9, 2-3 (2011); Elizabeth K. Levin, *A Safe Harbor for Trademark: Reevaluating Secondary Trademark Liability After Tiffany v. eBay*, 24 BERKELEY TECH. L.J. 491, 493 (2009); Bartholomew & Tehranian, *supra* note 5, at 1365-66; Mark P. McKenna, *Probabilistic Knowledge of Third-Party Trademark Infringement*, 2011 STAN. TECH. L. REV. 10, 2 (2011); Kurt M. Saunders & Gerlinde Berger-Walliser, *The Liability of Online Markets for Counterfeit Goods: A Comparative Analysis of Secondary Trademark Infringement in the United States and Europe*, 32 NW. J. INT'L L. & BUS. 37, 41 (2011).

9. See, e.g., Bernstein & Potenza, *supra* note 8.

10. Annette Kur, Senior Research Fellow, Max Planck Inst. for Intell. Prop. & Competition Law, Address at the Columbia Law School Kernochan Center Symposium: Who's Left Holding the [Brand Name] Bag? Secondary Liability for Trademark Infringement on the Internet (Nov. 8, 2013).

exchange of ideas.¹¹ Meanwhile, massive trademark infringement regularly takes place online, and no panacea is materializing. In the United States, the Supreme Court has yet to provide a precedent to instruct brand owners and intermediaries in conducting business online.¹² In Europe, secondary liability in trademark cases is largely a matter of national law.¹³ Although the E-Commerce Directive offers a safe harbor privilege for a host provider,¹⁴ it does not provide an exact definition of host provider, and the European Court of Justice left the definition to be determined on a case-by-case basis in national courts.¹⁵ On the legislative level, attempts to pass national and international statutory reforms have generally failed. In the United States, the Stop Online Piracy Act (SOPA) and Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act (PIPA) were shelved indefinitely after an unprecedented public backlash.¹⁶ In Europe, the divisive Anti-Counterfeiting Trade Agreement (ACTA) was similarly rejected by the European Parliament following massive public protests across Europe.¹⁷ The controversial and secretive Trans-Pacific Partnership also seems to attract waves of opposition around the world.¹⁸

The current legal landscape does not serve any of the parties in the trademark market optimally. Brand owners suffer massive online infringement and are struggling to enforce their rights. With legislative adaptations being regularly

11. See, e.g., David H. Bernstein & Michael R. Potenza, *supra* note 8.

12. The only case addressing secondary liability for trademark infringement is *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982). However, the *Inwood* decision did not analyze secondary liability in an online market.

13. See Directive 2004/48/EC, of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 195) 16, available at [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0048R\(01\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0048R(01):EN:NOT). Also known as the Enforcement Directive, it delegates the conditions and procedures relating to injunctions against intermediaries to the national law of the Member States. See *id.*, pmbl., art. 23.

14. See Directive 2000/31/EC, of the European Parliament and of the Council of 8 June 2000 on Certain Legal Aspects of Information Society Services, in Particular Electronic Commerce, in the Internal Market, art. 14(1), 2000 O.J. (L 178) 1, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0031:en:NOT>.

15. See Joined Cases C-236/08–C-238/08, *Google France SARL v. Louis Vuitton Malletier SA*, 2010 E.C.R. I-02417. See also Kurt M. Saunders & Gerlinde Berger-Walliser, *The Liability of Online Markets for Counterfeit Goods: A Comparative Analysis of Secondary Trademark Infringement in the United States and Europe*, 32 NW. J. INT'L L. & BUS. 37, 63 (2011).

16. See Stop Online Piracy Act, H.R. 3261, 112th Cong. (2011); Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act of 2011, S. 968, 112th Cong. (2011). For a discussion of the public opposition to those bills and its consequences, see Yafit Lev-Aretz, *Copyright Lawmaking and Public Choice: From Legislative Battles to Private Ordering*, 27 HARV. J.L. & TECH. 203 (2013).

17. See Press Release, European Parliament, European Parliament Rejects ACTA, Apr. 7, 2012, available at <http://www.europarl.europa.eu/news/en/news-room/content/20120703IPR48247/html/European-Parliament-rejects-ACTA>; see also Erik Kirschbaum & Irina Ivanova, *Protests Erupt Across Europe Against Web Piracy Treaty*, REUTERS (Feb. 11, 2012), <http://www.reuters.com/article/2012/02/11/us-europe-protest-acta-idUSTRE81A0I120120211>.

18. See Arthur Stamoulis, *Transnational Opposition to the Trans-Pacific Partnership*, JUSTICE RISING 11 (Fall 2013) <http://www.thealliancefordemocracy.org/pdf/AfDJR6111.pdf> (providing an overview of TPP opposition in Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru and the United States).

impeded and judicial decisions failing to provide clear legal guidance, brand holders and Internet intermediaries alike are left in the dark as to the scope of their rights and legitimacy of their actions. In the words of another participant in this Symposium, Professor Stacey Dogan, “We know it when we see it.”¹⁹ However, while the courts may know it when they see it, no one really knows in the meantime. This state of vagueness is well known in another intellectual property market: copyright. Even though the Digital Millennium Copyright Act (“DMCA”) shields ISPs from liability by establishing certain safe harbors,²⁰ its practical application, and especially what constitutes “actual knowledge,” is highly controversial.²¹

Against this backdrop, I wish to direct scholarly attention to an additional issue that has been virtually overlooked in legal commentary: cooperation between different industries to facilitate private enforcement of intellectual property rights. The resort to private ordering to enhance or sustain enforcement is not new—copyright holders have exercised different forms of self-governance tools to better manage their rights and derive benefits from new business opportunities. Private ordering has been used in three classes of interplays: user-industry relationships (e.g., software digital locks and end-user licensing agreements),²² inter-industry relationships (e.g., collective rights management organizations and other joint ventures),²³ and cross-industry relationships (e.g., business partnerships between rights holders and broadband providers).²⁴ The last category of private ordering has yet to be studied in detail in legal commentary, even though it has far-reaching consequences for rights holders, intermediaries and Internet users.²⁵

In the copyright market, deference to cross-industry partnerships was propelled by the rise of digital media and broadband technology that instigated massive online infringement of copyrighted works.²⁶ Corporate rights holders fought infringement-enabling platforms in the legislative arena by lobbying for statutory reform, in the courts by suing intermediaries for secondary copyright infringement and in users’ homes through copy-protection technologies and licensing.²⁷ None of these tactics, however, was successful in achieving the ultimate goal of reducing piracy. As a result, rights holders began teaming up with intermediaries to either

19. Stacey L. Dogan, “We Know It When We See It”: *Intermediary Trademark Liability and the Internet*, 2011 STAN. TECH. L. REV. 7, 1 (2011).

20. See 17 U.S.C. § 512 (2012).

21. See Liliana Chang, *The Red Flag Test for Apparent Knowledge Under the DMCA § 512(c) Safe Harbor*, 28 CARDOZO ARTS & ENT. L.J. 195, 196–98 (2010).

22. Lev-Aretz, *supra* note 16, at 249.

23. See Robert P. Merges, *Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CALIF. L. REV. 1293, 1302–03 (1996) (arguing that repeat players in high-transaction-cost industries use private ordering in the form of collective rights organizations to effectively substitute their property rights for liability rules).

24. Lev-Aretz, *supra* note 16, at 249–50.

25. See *id.* at 250.

26. See Margaret Chon, *Sticky Knowledge and Copyright*, 2011 WIS. L. REV. 177, 202–03 (2011).

27. See Jonathan A. Mukai, *Joint Ventures and the Online Distribution of Digital Content*, 20 BERKELEY TECH. L.J. 781, 781 (2005).

minimize or monetize infringements.²⁸ The relatively new business partnerships were beneficial for rights holders for obvious reasons—copyright owners reduced high lobbying and litigation costs, better adapted their business models to new infringement-enabling technologies and sometimes even enjoyed new business opportunities.²⁹ Intermediaries have opted for such partnerships because they prescribe a privately set safe harbor, allow their networks to operate without the fear of prospective litigation and may offer additional business advantages.³⁰

As many of the aforementioned virtues apply in the trademark market as well, multi-stakeholder initiatives to better enforce trademark rights have been increasing in recent years. The Center for Safe Internet Pharmacies (“CSIP”)—a nonprofit organization devoted to addressing consumer access to illegitimate pharmaceutical products online—is an example of such collaboration.³¹ CSIP’s members include American Express, MasterCard, PayPal, Visa, GoDaddy, Google, Facebook, Microsoft (Bing), Yahoo! and UPS. All of these companies allied to root out illicit online pharmacies by sharing information about offenders and preventing the sale of advertisements to them.³² According to CSIP ex officio member Legitscript, a verification and monitoring service for online pharmacies, those efforts have been effective, as advertisements for illegitimate drugs and pharmacies have been virtually eliminated on major search engines.³³ Other examples of cross-industry cooperation are the development of voluntary best practices for trademark owners and Internet-related companies designed to further the protection of trademarks online.³⁴ Payment service providers like American Express and MasterCard, as well as Internet platforms like Google, eBay and Yahoo!, contributed their contact information for trademark owners to notify them about online sales of counterfeits.³⁵

A more recent set of best practices was created by credit card companies and payment processing networks in June 2011, in order to attempt to discontinue payment services for online sellers of illegitimate goods.³⁶ To accomplish this

28. See Lev-Aretz, *supra* note 16, at 250–52.

29. See *id.* at 252.

30. See *id.*

31. CTR. FOR SAFE INTERNET PHARMACIES, <http://www.safemedsonline.org/> (last visited Feb. 9, 2014).

32. *Members*, CTR. FOR SAFE INTERNET PHARMACIES, <http://www.safemedsonline.org/who-we-are/members/> (last visited Feb. 9, 2014).

33. *Our Results*, CTR. FOR SAFE INTERNET PHARMACIES, <http://www.safemedsonline.org/who-we-are/our-results/> (last visited Feb. 9, 2014) (“[T]he number of illegal drug and pharmacy ads on major search engines like Google and Bing [Microsoft] has declined by more than 99.9% percent since 2010 . . . [and] Google alone has removed more than 3 million ads for illegal pharmacies and has made thousands of referrals to law enforcement about rogue online pharmacies since 2011.”).

34. INT’L TRADEMARK ASS’N, ADDRESSING THE SALE OF COUNTERFEITS ON THE INTERNET 3 (2009), available at <http://www.inta.org/Advocacy/Documents/INTA%20Best%20Practices%20for%20Addressing%20the%20Sale%20of%20Counterfeits%20on%20the%20Internet.pdf>.

35. *Id.*

36. U.S. INTELL. PROP. ENFORCEMENT COORDINATOR, 2013 JOINT STRATEGIC PLAN ON INTELLECTUAL PROPERTY ENFORCEMENT 36 (2013), available at <http://www.whitehouse.gov/sites/default/files/omb/IPEC/2013-us-ipecc-joint-strategic-plan.pdf>.

agreement's goals, the International Anti-Counterfeiting Coalition (IACC), a trade association representing trademark holders, established the Payment Processor Initiative. The Initiative employs an automated process for brand owners to directly report online sellers of counterfeit goods to credit card and payment processing services.³⁷ Participating rights holders, the IACC, the National Intellectual Property Rights Coordination Center and credit card and payment processing networks exchange information using this access-controlled portal system.³⁸ In addition to analytical tools, the portal system offers brand owners a reporting mechanism that delivers disposition results and statistical data.³⁹ Ten months after its official launch, the Payment Processor Initiative was hailed as a "remarkable success" in an IACC statistical review.⁴⁰ As of February 2014, over 8400 websites were referred through IACC's portal for investigation, resulting in termination of more than 2800 individual merchant accounts.⁴¹

In the advertising market, the Association of National Advertisers ("ANA") and the American Association of Advertising Agencies ("4A's") introduced a set of best practices for brand owners and their agencies designed to discourage advertising on infringing websites.⁴² According to ANA and 4A's, advertisers must have confidence that they are not financially supporting or otherwise legitimizing "rogue" sites whose primary or only use or purpose is participating in, providing the means for or facilitating infringement.⁴³ In addition to this initiative, major advertising networks, including Google, Microsoft and AOL, with the support of the White House's Office of the U.S. Intellectual Property Enforcement Coordinator and the Interactive Advertising Bureau,⁴⁴ have committed to a set of best practices for advertising networks to address piracy and counterfeiting.⁴⁵

37. *IACC Payment Processor Initiative*, INT'L ANTI-COUNTERFEITING COAL., <http://www.iacc.org/payment-processor-portal.html> (last visited Feb. 9, 2014).

38. Kristina Montanaro, INT'L ANTI-COUNTERFEITING COAL., *IACC PAYMENT PROCESSOR PORTAL PROGRAM – FIRST YEAR REVIEW 2* (2012), available at <http://www.gacg.org/Content/Upload/MemberNewsDocs/October%202012%20Report%20to%20IPEC%20-%20FINAL.pdf>.

39. *Id.*

40. *Id.* at 1.

41. *IACC Payment Processor Initiative*, *supra* note 37.

42. ANA, *4A's Release Statement of Best Practices Addressing Online Piracy and Counterfeiting*, ASS'N OF NAT'L ADVERTISERS (May 3, 2012), <http://www.ana.net/content/show/id/23408>.

43. *Id.*

44. The Interactive Advertising Bureau (IAB) is the trade association for ad-supported interactive media in the United States. In addition to its cooperation on the Best Practices and Guidelines for Ad Networks to Address Piracy and Counterfeiting, IAB also developed the Quality Assurance Guidelines ("Guidelines"). The updated Guidelines now explicitly include, *inter alia*, "an option for the lodging of Intellectual Property Infringement complaints by rights holders to the IAB, who will then direct the complaint to the relevant contact at each company participating in the Guidelines." *The Role of Voluntary Agreements in the U.S. Intellectual Property System: Hearing Before the Subcomm. on Courts, Intell. Prop., and the Internet of the H. Comm. on the Judiciary*, 113th Cong. (2013) (testimony of Randall Rothenberg, President & CEO, Interactive Advertising Bureau) [hereinafter *The Role of Voluntary Agreements*].

45. WHITE HOUSE, *The Best Practices Guidelines for Ad Networks to Address Piracy and Counterfeiting*, <http://2013ippactices.com/bestpracticesguidelinesforadnetworkstoaddresspiracyandcounterfeiting.html> (last visited Feb. 9, 2014); see also Victoria Espinel, *Coming Together to Combat Online Piracy and Counterfeiting*, U.S. OFFICE OF MGMT & BUDGET (Jul. 15, 2013, 8:33 AM),

Under this set of self-regulatory guidelines, advertising networks will set up and maintain policies to end affiliation with illicit websites by prohibiting them from participating in an advertisement program. This approach attempts to reduce these websites' financial incentives by eliminating a main stream of income.⁴⁶ Advertising networks further agreed to establish a notice-and-takedown system with a "designated agent" to receive notices from brand holders regarding illegitimate websites and an investigation procedure for submitted complaints.⁴⁷

As the above examples demonstrate, the use of private ordering to bolster trademark enforcement through cross-industry cooperation has become prevalent and is expected to continue expanding. Indeed, there are many benefits to this growing trend. Most obviously, it helps rights holders to better protect their brands from trademark infringement by favoring an agreement model in lieu of existing adversarial alternatives. Brand holders and intermediaries alike can also reduce the high costs associated with lobbying and litigation by resorting to such voluntary self-help measures. Unlike the legislative or regulatory processes, these agreements are considerably more flexible, and the contracting parties can modify the terms to adapt to technological or business changes. Moreover, many of these initiatives carry meaningful educational value: once publicly announced, the private rules can influence social perceptions and can effectively stigmatize or otherwise convey the unlawfulness of the online infringing behavior. These arrangements also provide legal certainty to intermediaries by privately establishing a safe harbor under clear rules. Most importantly, cross-industry collaborations are not geographically bound, and can implement (and later change) a cross-border online policy more easily and quickly than any public international initiative.⁴⁸

Nevertheless, the resort to cross-industry partnerships also raises some substantial concerns. As the SOPA/PIPA episode shows, intellectual property legislation can be difficult to pass. The legislative route has often been made unworkable and unappealing by conflicting interests that are difficult to reconcile, a lengthy progression that can take years to complete and, with the advent of the Internet, the heightened transparency of the enactment process.⁴⁹ To the extent that private, cross-industry collaborations have grown due to the complicated legislative process, they serve as a legislative bypass. This is particularly true in the United

<http://www.whitehouse.gov/blog/2013/07/15/coming-together-combat-online-piracy-and-counterfeiting>; Susan Molinari, *Ad Networks Agree on Industry Best Practices to Combat Piracy and Counterfeiting*, GOOGLE PUB. POL'Y BLOG (Jul. 15, 2013), <http://googlepublicpolicy.blogspot.com/2013/07/ad-networks-agree-on-industry-best.html>.

46. WHITE HOUSE, *The Best Practices Guidelines for Ad Networks to Address Piracy and Counterfeiting*, <http://2013ippractices.com/bestpracticesguidelinesforadnetworkstoaddresspiracyandcounterfeiting.html> (last visited Feb. 9, 2014).

47. *Id.*

48. For example, the IACC struck a voluntary deal with two major websites in China, Taobao and Alibaba. The details of these agreements, however, are not publically available. See *The Role of Voluntary Agreements*, *supra* note 44, at 8.

49. At the AIPLA Copyright Law Committee Hearing, Congressman Howard Coble noted the causal connection: "The SOPA debate helped shift the willingness of some parties to more aggressively promote best practices we are considering here today." *Id.* at 1.

States, where secondary liability for trademark infringement has yet to receive statutory recognition and the details of its application are unclear. Indeed, although they are privately initiated, cross-industry partnerships often enjoy effectiveness similar to that of public legislation by crossing industry boundaries and affecting a great number of market participants. This public-private mixture, however, may be objectionable: it allows statutory-like arrangements to be implemented freely without the accountability, protection or transparency of public legislation.⁵⁰ Similarly, the resort to cross-industry initiatives may also contradict democratic values when those arrangements are designed around the interests of certain concerned actors and do not provide all affected parties with the opportunity to influence them. This argument would apply even more strongly against private arrangements that are not publicly announced or otherwise made available to the public,⁵¹ as well as for privately-created laws that result in an industry standard for future judicial decisions.⁵² Given that trademark secondary liability cases often involve review of industry practice, those voluntary agreements could become industry standards, which could inhibit the growth of other companies in the trademark market.⁵³

There is much more to be said about the growing turn to private ordering to effectively enforce brand owners' rights and to create safe harbors for intermediaries. On top of the social and practical implications of these arrangements, their prospects of success, and the trademark regulation they create in the shadow of the law, these private deals may also provide a model for public lawmaking, if and when secondary liability for trademark infringement receives clear and detailed statutory recognition. Within the purview of this Article, however, I merely wish to direct scholarly attention to these engagements, while

50. When the State actively encourages such a partnership to avoid legislation on a controversial issue, the problem is exacerbated. Some of the cross-industry partnerships described above are the result of active encouragement, and in some cases direct involvement, of the U.S. Intellectual Property Enforcement Coordinator (IPEC). See Espinel, *supra* note 45. In regard to the active involvement of the IPEC in those voluntary agreements, the Electronic Frontier Foundation argues that the "encouragement and attention from policymakers carries an implied threat of future regulation if 'voluntary' agreements don't occur." Mitchell Stoltz, Elec. Frontier Found., *Comments of the Electronic Frontier Foundation on a Voluntary Best Practices Study 1*, in U.S. PATENT & TRADEMARK OFFICE, COMMENTS REGARDING VOLUNTARY BEST PRACTICES STUDY (2013), available at <http://www.uspto.gov/ip/officechiefecon/PTO-C-2013-0036.pdf#page=110>.

51. Robert Barchiesi, President of the IACC, stated that on top of the deals his organization has with Taobao and Alibaba, the IACC has also been working with financial companies like PayPal, MoneyGram and Western Union. *Id.* at 8. As of this writing, no information about these arrangements is publically available. Furthermore, even those pacts that are publically available suffer from opacity. See, e.g., David Sohn, Ctr. for Democracy & Tech., *CDT Comments on Voluntary Best Practices Study 1*, in U.S. PATENT & TRADEMARK OFFICE, COMMENTS REGARDING VOLUNTARY BEST PRACTICES STUDY (2013), available at <http://www.uspto.gov/ip/officechiefecon/PTO-C-2013-0036.pdf#page=64> ("The transparency of voluntary initiatives varies, but it is generally subject to significant limits.").

52. This was the case in copyright, where private initiatives were criticized for setting an industry standard for future judicial decisions. See Yafit Lev-Aretz, *Second Level Agreements*, 45 AKRON L. REV. 137, 179 (2011).

53. A similar point was made by Gabriel Levitt, Vice President of PharmacyChecker.com. See *The Role of Voluntary Agreements*, *supra* note 44, at 6.

2014] COMBATING TRADEMARK INFRINGEMENT ONLINE 647

hoping to lay the groundwork for further legal research and future symposia discussions.